

**STATE OF MICHIGAN
DEPARTMENT OF LABOR AND ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of the Office of Financial & Insurance Regulation

In the Matter of:

**Daniel Investments, Inc.
2555 Covington Place
Bloomfield Hills, MI 48301**

Enforcement Case No 08-5643

Respondent

_____ /

**CONSENT ORDER REQUIRING COMPLIANCE
AND PAYMENT OF CIVIL FINES**

Issued and entered
on January 28, 2009
by Stephen R. Hilker,
Chief Deputy Commissioner

Based on the Stipulation set forth in the attached Stipulation to Entry of Consent Order, IT IS ORDERED that:

1. Respondent shall CEASE and DESIST from violating Section 201(c) of the Uniform Securities Act, MCL 451.601(c).
2. Respondent shall pay to the Office of Financial and Insurance Regulation, through the state of Michigan, a civil fine in the amount of \$2,000. The fine shall be paid within 30 days of the date of entry of this Order.
3. Respondent shall write and deliver, via certified mail, a letter to all clients it has had from January 1, 2003, to the present advising said individual and/or entity that due to Respondent's administrative error, Respondent has not been properly registered as an investment adviser in Michigan since January 1, 2003, and that the individual and/or entity may request a

refund of fees paid for investment advisory services. The letter shall request the individual and/or entity to respond within 30 days affirmatively or negatively to Respondent's offer to refund the advisory fees.

4. Respondent shall maintain copies of the aforementioned letters, responses to said letters, and any and all documents which indicate that the letters were mailed to and received by the individual and/or entity.

5. Once an individual and/or entity request a refund of the advisory fees, Respondent shall send such fees to the individual and/or entity within 30 days of the request.

6. Respondent shall maintain records indicating that it has refunded any and all advisory fees requested by individuals and/or entities. The records Respondent is required to maintain includes, but is not limited to, cancelled checks and bank account statements relating to its refund of the advisory fees.

7. Respondent shall comply with all Bulletins and Rules issued by the Commissioner of OFIR pertaining to registered investment advisors.

8. Respondent shall maintain a program to monitor and assure compliance with all state and federal laws and regulations pertaining to investment advisors.

9. The program shall include the immediate designation of a compliance officer. The compliance officer's responsibility is to ensure that Respondent is in compliance with all applicable state and federal laws. Respondent shall provide written notification to OFIR of the compliance officer's name and business address, Respondent's written notice designating a compliance officer shall accompany the payment of a civil fine as provided for in Paragraph 2 of this Order. Respondent shall notify OFIR of any change in designation of the compliance officer within 30 days of such re-designation. Respondent shall educate its officers and employees

engaged in the investment advisory business with respect to all Michigan and federal laws and regulations applicable to the investment advisory business, including the Act.

10. The Chief Deputy Commissioner retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as she shall deem just, necessary and appropriate in accordance with the Act.



Stephen R. Hilker
Chief Deputy Commissioner

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STIPULATION TO ENTRY OF THE CONSENT ORDER

Daniel Investments, Inc. (Respondent) and the Office of Financial and Insurance Regulation ("OFIR") stipulate to the following:

1. OFIR and Respondent have conferred for purposes of resolving this matter and determined to settle this matter pursuant to the terms set forth below.
2. The Chief Deputy Commissioner of OFIR has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act ("MAPA"), MCL 24.201 *et seq.*, and the Michigan Uniform Securities Act ("Act"), MCL 451.501 *et seq.*
3. At all pertinent times, Respondent was not registered with OFIR as an investment adviser within the State of Michigan pursuant to the Act.
4. Based upon communications with Respondent, the following facts were established:
 - a. Respondent is a Michigan Corporation located in Bloomfield Hills, MI. The President of Respondent is John S. Daniel. Respondent was previously registered as an investment adviser in Michigan on October 21, 1997, and had subsequently renewed its registration with the state of Michigan through December 31, 2002. Due to Respondent's

administrative error, Respondent failed to properly transition onto the Central Registration Depository (CRD) in 2003. So therefore, as of January 1, 2003, Respondent was not a registered investment adviser pursuant to Section 201 of the Act, MCL 451.601.

OFIR received a phone call from a consumer seeking to verify whether Respondent was a registered investment adviser in the state of Michigan. Subsequently, on or about December 17, 2007, OFIR staff sent a letter to Respondent to ascertain whether Respondent has engaged in unregistered investment advisory activity. In its response, Respondent acknowledged that it has conducted investment advisory activity through John S. Daniel since January 1, 2003, and has collected advisory fees from individuals and/or entities, erroneously believing it was properly registered.

Based on the foregoing, Respondent violated Section 201(c) of the Act, MCL 451.601(c), by transacting business in the State of Michigan without being a registered investment advisor.

5. Respondent agrees pay to the Office of Financial and Insurance Regulation, through the state of Michigan, a civil fine in the amount of \$2,000. The fine shall be paid within 30 days of the date of entry of this Order.

6. Respondent agrees to write and deliver, via certified mail, a letter to all the clients it has had from January 1, 2003, to the present advising said individual and/or entity that Respondent has not been properly registered as an investment adviser in Michigan since January 1, 2003, and that said clients may request a refund of fees paid for investment advisory services. The letter must request the individual and/or entity to respond affirmatively or negatively within 30 days to Respondent's offer to refund the advisory fees. Respondent further agrees to maintain

copies of the aforementioned letters, responses to said letters, and any and all documents which indicate that the letters were mailed to and received by the individual and/or entity.

7. Respondent further agrees that once an individual and/or entity request a refund of advisory fees, Respondent will send such fees to the individual and/or entity within 30 days of the request.

8. Respondent agrees to maintain records indicating that it has refunded any and all advisory fees requested by individuals and/or entities. The records Respondent has agreed to maintain include, but are not limited to, cancelled checks and bank account statements relating to its refund of the advisory fees.

9. Respondent agrees that it shall cease and desist from any and all violations of the Act.

10. Both parties have complied with the procedural requirements of the MAPA and the Act.

11. Respondent understands and agrees that this Stipulation will be presented to the Chief Deputy Commissioner for approval. The Chief Deputy Commissioner may in his sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Chief Deputy Commissioner accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. If the Chief Deputy Commissioner does not accept the Stipulation and Consent Order, Respondent waives any objection to the Commissioner holding a formal administrative hearing and making his decision after such hearing.

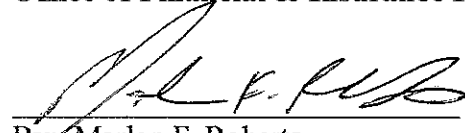
12. The failure to abide by the terms and conditions of this Stipulation and Consent Order may, at the discretion of the Chief Deputy Commissioner, result in further administrative compliance actions.

13. The Chief Deputy Commissioner has jurisdiction and authority under the provisions of the MAPA and the Act to accept the Stipulation and Consent Order and to issue a Consent Order resolving these proceedings.

14. Respondent has had an opportunity to review the Stipulation and Consent Order and have the same reviewed by legal counsel.

Daniel Investments, Inc.

Office of Financial & Insurance Regulation


By: Marlon F. Roberts
Staff Attorney

1/27/09
Dated